

Message Text

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ACTION EB-11

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INR-10 L-03 NSAE-00 NASA-04 NSC-10 RSC-01 SCI-06

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 8492

C O N F I D E N T I A L PANAMA 4808

EO 11652: GDS

TAGS: ETEL, PN

SUBJ: VISIT OF PRESIDENT OF COMSAT GENERAL CORP.

REF: STATE 114400 PANAMA 3453

SUMMARY: PRESIDENT OF COMSAT GENERAL CORPORATION REPORTED RECEIPT OF ASSURANCE FROM TOP-LEVEL GOP OFFICIALS THAT COMSAT PRESENCE IN PANAMA AS PARTNER IN INTERCOMSA WELCOME AND THAT GOP HAS NO INTENTION OF NATIONALIZING INTERNATIONAL TELECOMMUNICATION FACILITIES. AMBASSADOR COUNSELED CAUTION; ESPECIALLY ASSURANCE THAT INTERCOMSA FRANCHISE ACQUIRED LEGALLY AND THAT PENDING LEGISLATION CREATING GOVERNMENT COMMUNICATIONS AGENCY DOES NOT INVOLVE INTERNATIONAL TELECOMMUNICATIONS. END OF SUMMARY

1. AFTER PREVIOUS VISITS TO EMBASSY ON AUGUST 8 AND 10 DURING WHICH JOHN JOHNSON, PRESIDENT OF COMSAT GENERAL CORPORATION, DISCUSSED WITH ADCM COMSAT'S INTEREST IN PURCHASING 40 PERCENT OF EQUITY IN INTERCOMSA, JOHNSON CALLED ON AMBASSADOR MORNING OF SEPT 7. JOHNSON DESCRIBED TALKS WITH PALNNING MINISTER BARLETTA IN WASHINGTON (DURING PERIOD OF RECENT CONFIDENTIAL

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CIAP MEETINGS) AND LATER HERE IN PANAMA WITH BOTH

MINISTER BARLETTA AND PRESIDENT LAKAS. JOHNSON TOLD BARLETTA AND LAKAS OF COMSAT INTEREST IN ACQUIRING MINORITY SHARE OF INTERCOMSA. HE EXPLAINED, HOWEVER, THAT COMSAT WOULD NOT WISH TO DO SO IF (A) U S COMPANY PARTICIPATION WOULD CAUSE ANY ILL FEELING IN PANAMA AND EMBARRASSMENT TO GOP AND (B) COMPANY WOULD FACE NATIONALIZATION WITHIN SHORT TIME (ONE TO TWO YEARS) AFTER COMSAT HAD INVESTED ABOUT \$6 MILLION TO PAY OFF INTERCOMSA DEBT TO PAGE AND ANOTHER MILLION DOLLARS FOR MODERNIZATION OF FACILITIES.

2. JOHNSON SAID BOTH LAKAS AND BARLETTA STATED UNEQUIVOCALLY THAT, NOT ONLY WOULD SUCH INVESTMENT BY COMSAT PRODUCE NO ANTI-AMERICAN FEELING, COMSAT SHOULD CONSIDER ITSELF INVITED BY GOP TO INVEST IN PANAMA. WHEN QUESTIONED ABOUT LEGISLATION BEING DRAFTED WHICH WOULD ENABLE GOVT TO ACQUIRE AND OPERATE TELECOMMUNICATIONS FACILITIES IN PANAMA, BARLETTA AND LAKAS SAID THIS LEGISLATION CONCERNED ONLY WITH DOMESTIC FACILITIES IN RESPONSE TO PRESSURE FROM INTERNATIONAL LENDING INSTITUTIONS TO NATIONALIZE AND EFFECT SEPARATION OF COMMUNICATIONS AND POWER UTILITY OPERATION. LAKAS SAID NO INTENTION TO ACQUIRE INTERNATIONAL TELECOMMUNICATIONS IN FORSEEABLE FUTURE.

3. WITH REGARD TO LEGISLATION CREATING IPATEL (SEE PANAMA AA103) NOW CALLED INTEL IN LATEST DRAFT, JOHNSON INFORMED BY LAKAS THAT TWO PARAGRAPHS (1) PROVIDING FOR INTEL ACQUISITION AND CONTROL OF ALL INTERNATIONAL TELECOMMUNICATIONS AND (2) REPRESENTATION OF PANAMA IN INTELSAT, DO NOT REPRESENT GOVT POLICY AND WOULD BE DELETED.

4. JOHNSON APPEARED TO BE OPTIMISTIC AFTER RECEIPT OF ABOVE ASSURANCES. HE INDICATED THAT, IF LOCAL ATTORNEY ABLE TO ESTABLISH THAT THERE ARE NO LEGAL PROBLEMS INVOLVED IN ORIGINAL ACQUISITION OF INTERCOMSA FRANCHISE FROM GOVT AND FURTHER RESEARCH CONCERNING MATTER SUCH AS PROFIT POSSIBILITIES PROVIDE FAVORABLE RESULTS, COMSAT WOULD PROBABLY ARRANGE PURCHASE 40 PERCENT EQUITY

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IN INTECOMSA BY FIRST OF NEXT YEAR.

5. AMBASSADOR SUGGESTED THAT COMSAT, AS A MINIMUM, OBTAIN CONFIRMATION FROM GOP OF LEGALITY OF FRANCHISE AND ASSURE THAT TWO PARAGRAPHS IN NEW COMMUNICATIONS LEGISLATION (DESCRIBED ABOVE) CONCERNING INTERNATIONAL TELECOMMUNICATIONS ARE DELETED BEFORE GOING AHEAD. AMBASSADOR ALSO COUNSELED THAT HIS EXPERIENCE HAS SHOWN

THAT GOP GOVT OFFICIALS DO NOT ALWAYS KEEP
ORAL PROMISES AND THAT COMSAT SHOULD APPROACH TRANSACTION
WITH DUE CAUTION.

6. NOTE: LOCAL PRESS ANNOUNCED IN SPANISH AND
ENGLISH LANGUAGE PAPERS OF SEPT 7 THAT NEW
INDEPENDENT AGENCY TO HANDLE TELECOMMUNICATIONS
THROUGHOUT COUNTRY EXPECTED TO START OPERATIONS
BY END OF THIS YEAR.
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